L.A. Tech Party Scene Heats Up
Venture Capital Fuels a Boom in the Southland. Entrepreneurs, Bloggers and Others Meet at Social Events to Find Investors, Discuss Ideas or Just Have Fun

By Alana Semuels
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In the high-tech world, Southern California is almost as cool as Silicon Valley. Heather Schlegel knows this because she goes out almost every night.

Schlegel, a chronic blogger and the owner of Purple Tornado, a West Hollywood consulting and event-planning firm, attends geek dinners, techie lunches and nerd happy hours. She was so overwhelmed by the opportunities that Purple Tornado recently created an online event calendar to help people like her keep track.

Just six months ago, "it used to be two or three events a month," said Schlegel, who is known as Heathervescent online. "Now, there's something almost every day."

Her suddenly active social life can be traced to the high-tech-focused venture capital that has been pouring into Southern California. Late last year, the region bypassed New England to rank second in the U.S. -- after Silicon Valley -- for tech investment.

"There's always this false impression that L.A. doesn't have technology," said Benjamin Kuo, who runs SocalTech.com, a site that tracks the technology scene here.

According to Ernst & Young, venture capitalists invested $712 million in Los Angeles-area information technology companies in the first three quarters of 2007, up from $680 million in all of 2006 and $525 million in 2005. They invested $1.3 billion in Southern California tech companies in the first three quarters of this year, compared to $4.4 billion in the Bay Area over the same period.

Los Angeles can claim tech success stories. MySpace was founded here, as was Overture, the Pasadena search engine advertising company acquired by Yahoo Inc. in 2003. Santa Monica's LowerMyBills.com was an early player in the online advertising wave.

A lot of the recent activity has been sparked by experienced managers who broke away from those companies and started their own. John Babcock, a partner with venture firm Rustic Canyon Partners in Santa Monica, counts 13 start-ups born from those three companies alone.

Some businesses created from earlier successes include Leisurelink.com, whose president

worked for Overture for more than five years, and Archetype Media, which was founded by a group that included a former executive from Web ad broker ValueClick Inc.

The social events help these techies find potential business, business partners and investors and discuss ideas for new companies. At a recent event called Lunch 2.0, hundreds of people milled around Westside office space munching tortilla chips and sushi, some wearing name tags reading, "We're hiring."

The parties are important in an area the size of Los Angeles, which lacks a Sand Hill Road -- the corner of the Silicon Valley town of Menlo Park where entrepreneurs can pitch a bunch of venture firms at the same time.

"In this broad area, you do have to create some mechanisms for people to meet," said Jim Armstrong, managing director of Santa Monica-based Clearstone Venture Partners.

The events have to be fun enough to lure people away from their computers. Nicole Jordan, who writes for Silicon Valley tech blog bub.blicio.us, said that at a recent event, the crowd "partied at a club from 9 to midnight while browsing demo tables of local companies."

A popular event is Twiist-Up, which was created by a Silicon Valley resident who was interested in Los Angeles tech companies. The events are basically big parties where start-ups get a lot of attention, said Twiist-Up creator Mike Macadaan, who works for AOL. Techies in Vancouver, Canada, recently replicated the event there.

Macadaan says he "dials up the sexiness and fun factor" of events in Los Angeles, where people are more used to putting on a show. A man dressed as a pickle ran through the last Twiist-Up event.

"There seems to be this fearless energy behind some of the things coming out of Los Angeles," Macadaan said. "I thought, 'I better pay attention here -- the next MySpace or YouTube might come out of L.A."

Schlegel didn't have as focused a reason to start planning social events. She just wanted to talk about nerdy things with other tech-o-philes in a city not known for its nerds. She began arranging L.A. Geek dinners in 2006, planning icebreakers where people would compete on how many domain names they owned, how many programming languages they knew, how many things they could do with their cellphones. Others shared her longing to talk tech. Schlegel says the social scene has "exploded" in the last four months.

"I never thought I'd find another geek home," wrote Jordan, the bub.blicio.us blogger, who recently moved to Los Angeles from Silicon Valley. "But I've come to realize L.A.'s full of them, and the opportunities to unite the tech community are on the upswell."